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Message Text

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ORIGIN EUR-06

INFO OCT-01 CCO-00 RSC-01 SS-15 SSO-00 ISO-00 /023 R

DRAFTED BY: EUR/WE:RPGALLAGHER
APPROVED BY: EUR/WE:RDVINE
S/S:WHLUERS
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O 282213Z FEB 74 ZFF4
FM SECSTATE WASHDC
TO USINT CAIRO IMMEDIATE
AMEMBASSY CANBERRA IMMEDIATE

UNCLAS STATE 040590

TOSEC 207 TODEP 69

FOLLOWING REPEAT ROME 2873 SENT ACTION SECSTATE,
FEBRUARY 28TH:

QUOTE UNCLAS ROME 2873

E.O. 11652: N/A
TAGS: PINT, IT, EFIN
SUBJ: RESIGNATION OF TREASURY MINISTER LA MALFA

REF.: ROME 2725

1. TREASURY MINISTER UGO LA MALFA HAS SUBMITTED "IRREVOCABLE" RESIGNATION TO PRIME MINISTER RUMOR ON ISSUE OF IMF STANDBY. REASON CITED BY LA MALFA IS POSITION TAKEN AT FEB 27 MEETING OF "TROIKA" OF ECONOMIC MINISTERS WITH PRIME MINISTER RUMOR BY SOCIALIST BUDGET MINISTER GIOLITTI. ACCORDING TO LA MALFA, GIOLITTI DEMANDED THAT PARAGRAPH OF ITALIAN LETTER OF INTENT TO IMF CONCERNING COMMITMENT ON INTERNAL CREDIT EXPANSION BE ELIMINATED OR MODIFIED. GIOLITTI STATED THAT IF THIS WERE NOT DONE, HE WOULD STILL APPROVE THE LETTER, BUT WOULD MAKE DETERMINATION AS BUDGET MINISTER AND PSI REPRESENTATIVE THAT GOVERNMENT POLICY AND ECONOMIC PROGRAM AGREEMENTS HAD BEEN ALTERED. LA MALFA SAID THAT HE COULD NOT ACCEPT
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BEING PUT IN A POSITION OF EITHER HAVING TO GO BACK ON AN

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UNDERSTANDING REACHED WITH THE IMF OR HAVING TO ACCEPT CHARGE
OF HAVING UNDERTAKEN THE IMF NEGOTIATION IN ORDER TO FORCE
A CHANGE IN THE POLICY OF THE COALITION GOVERNMENT. LA MALFA
LETTER TO RUMOR ENDED WITH (A) HOPE THAT SOMEONE ELSE MIGHT
BE ABLE TO OBTAIN MORE FROM THE IMF THAN HE HAD BEEN ABLE TO,
AND (B) STATEMENT THAT LETTER FROM GIOLITTI ON SUBJECT WHICH
HE HAD JUST RECEIVED SIMPLY CONFIRMED HIS DECISION TO RESIGN.

2. IN PARALLEL MOVE, LA MALFA RESIGNED FROM POSITION AS PRI
PARTY SECRETARY IN ORDER, HE SAID, TO GIVE HIS PARTY COMPLETE
FREEDOM OF ACTION.

3. EFFECTS OF SURPRISE RESIGNATION ON RUMOR GOVERNMENT UNCLEAR
AT THIS POINT. AS OF EVENING FEBRUARY 28 GOVERNMENT HAS NOT FA-
LLEN: NOR NEED IT NECESSARILY FALL. ANSA SAYS PSDI PARTY SEC-
RETARY ORLANDI COMMENTED THAT IT UNDERSTANDABLE WHEN A GOVER-
NMENT IS PUT IN DIFFICULTY BECAUSE A NEEDED LOAN IS NOT RPT
NOT OBTAINED, BUT SHOULD GOVERNMENT BE IN DIFFICULTY BECAUSE
NECESSARY LOAN WAS OBTAINED?VOLPE

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Disposition Approved on Date:
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TAGS: PINT, EFIN, IT, IMF, (LA MALFA, UGO)
To: CAIRO CANBERRA
Type: TE
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